

Quality of Service (QoS) Targets to be achieved by Maltapost Plc Decision Notice and Response to Consultation

6th December 2007

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Foreword

An essential element of postal services regulation, and probably the one that enjoys the highest profile in the public eye, is the establishment and monitoring of the universal service provider's (USP) quality of service (QoS) obligations, mainly with respect to its efficiency in the provision of an 'end-to-end' postal service. A letter or parcel delayed or lost can mean disappointment and possibly worse, to either sender or receiver, occasionally to both.

In August 2007, the Malta Communications Authority (MCA) published a consultation paper addressing issues which required consideration in advance of forming a definitive decision on the new QoS targets to be achieved by Maltapost Plc (hereinafter referred to as Maltapost) for the next three (3) years (i.e. October 2007 – September 2010).¹ Only Maltapost responded to the consultation.

This document explains the basis of the decision made by the MCA on the new QoS targets to be achieved by Maltapost in light of its role as the USP.

The MCA's decision follows an analysis of Maltapost's response to consultation. It takes into account the customer perception surveys carried out in the last quarter of 2006, Maltapost's overall performance and efficiency gains during the past years and the efficiency gains envisaged for the coming years.

¹ Refer to <http://www.mca.org.mt/filesystem/pushdocmgmtfile.asp?id=1106&source=3&pin=>.

1. Introduction

This document presents the MCA's decision on the new QoS targets, covering a period of three (3) years, to be achieved by Maltapost in respect of the transit times for the following universal service postal products:

- **Inland mail:** ordinary mail (i.e. single piece *priority* letter mail), bulk mail,² registered mail and parcel post.
- **Cross-border mail:** ordinary mail, bulk mail, registered mail and parcel post.

As stated in the Consultation Paper this document does **NOT** extend to the other aspects of QoS standards and monitoring systems to be achieved by Maltapost that have already been established in the MCA's Decision Notice entitled 'Maltapost Plc - Quality of Service Requirements'³ dated 8th June 2005 and relate to:

- complaint handling mechanisms;
- compensation schemes for loss, damage or delay;
- the collective compensation scheme; and
- information and reporting requirements.

Legal Basis

The MCA has the specific responsibility for setting standards for the QoS to be achieved by Maltapost within the framework set out in European and National legislation. QoS standards and related targets must focus, in particular, on routing times and on the regularity and reliability of services.

Furthermore, the MCA has to monitor Maltapost's performance against the targets set and must from time to time report on the results of the monitoring exercise. Where the MCA is of the opinion that QoS targets have not been met, the MCA must ensure that corrective action is taken where necessary.

Refer to **Appendix A** for a more comprehensive statement of the legal position.

QoS Targets

The QoS target for inland mail is set in the form of:

- D^4+1^5 measuring the percentage of mail delivered on the working day after injection into the system (regularity); and

² This includes all types of addressed priority bulk mail including: letter mail, direct mail (which is a particular form of bulk mail as defined in the Postal Services Act), magazines, and newspapers.

³ Refer to <http://www.mca.org.mt/filesystem/pushfile.asp?id=667&source=3&pin=>.

⁴ The date of deposit D to be taken into account shall be the same date as that on which the postal item is deposited, provided that the deposit occurs before the latest collection time notified from the access point to the network in question (i.e. 19.00 hrs from Monday to Friday and 15.00 hrs for a Saturday). When deposit takes place after this time limit, the date of deposit to be taken into consideration will be that of the collection on the following working day.

- D+3⁶ measuring the percentage of mail delivered within three working days of injection into the system (reliability).

In the case of intra-Community cross-border mail services, QoS standards are set by the European Parliament and the Council. The EU Postal Directive has set QoS objectives for transit times concerning the fastest standard category of intra-Community cross-border mail services at 85 per cent of mail to be delivered within D+3 (speed) and 97 per cent within D+5 (reliability).⁷

These intra-Community cross-border service targets must be achieved not only for the entirety of intra-Community traffic but also for each of the bilateral flows between two Member States.

QoS Standards

The EU emphasises the importance of standards in providing an appropriate level of service to users. With respect to the end-to-end measurement⁸ of ordinary mail, performance monitoring must be in conformity with the CEN standard EN 13850 on measurement of the transit time of end-to-end service for single piece priority mail and first class mail. This standard has been developed to ensure that the transit time for ordinary mail is monitored on a standardised basis, and its use is mandatory (both for inland and cross-border mail) in respect of such services provided by universal service providers throughout the EU.⁹

Currently, this is the only EU mandatory standard applicable for all Member States. However, if the measurement of other activities is required by the respective Member States it is necessary to use the appropriate standards.¹⁰

Refer to **Appendix B** for information regarding the available European standards for the measurement of the quality of postal services.

Format of this Document

This report deals with the main issues raised during the consultation. Each section summarises the issues raised in the Consultation Paper and by Maltapost, the MCA's analysis of those issues, the MCA's position adopted in response to the consultation and the MCA's formal decision.

⁵ The quality standards for inland mail are established in relation to the time limit for routing measured from the end to end for postal items of the fastest standard category according to the formula D+n, where D represents the date of deposit and n the number of working days which elapse between that date and that of delivery of the addressee. D+1 represents one (1) working day from the date of deposit to delivery to the addressee.

⁶ D+3 represents three (3) working days from the date of deposit to delivery to the addressee. Whatever target is set it is necessary to address what happens to those letters that are not delivered the next day.

⁷ The (+3) and (+5) express the number of days before final delivery during which time collection, sorting, national and international transport, and delivery take place.

⁸ End-to-end routing is measured from the access point to the network to the point of delivery to the addressee i.e. from the point mail is placed into the collection / acceptance system under the responsibility of the collecting postal operator to the final delivery point under the responsibility of the delivering postal operator.

⁹ The EN 13850 standard was made mandatory on all Member States for domestic mail from January 2004 and for cross-border mail from January 2005. An exercise is currently being undertaken by a project team within TC 331 on the adaptation of the standard to cater for those countries with relatively small mail flows.

¹⁰ It is noted that Member States can mandate other standards for the measurement of other postal services / activities.

2. Quality of Service Measurement and Monitoring

2.1 Summary of Consultation Issue

Inland Mail - Ordinary Mail Service

Maltapost's ongoing performance measurement of its inland ordinary mail product¹¹ is measured in conformity with the CEN standard EN 13850 taking into account the proposed extensions to the standard to cover countries with relatively small mail flows.

This measurement is carried out by an independent organisation appointed by Maltapost. The MCA carries out an audit of the methodology employed by the Maltapost-commissioned organisation responsible for carrying out the performance monitoring in line with the above-mentioned standard.

Inland Mail - Bulk Mail Service

The current QoS performance targets set and achieved for ordinary mail apply to both single piece priority mail and bulk mail.¹² However, Maltapost's bulk mail product does not form part of the QoS measurement system carried out by the independent organisation appointed by Maltapost to carry out the measurement of inland single piece priority mail (i.e. ordinary mail) items. This means that the actual performance in terms of routing times and the regularity and reliability of Maltapost's inland bulk mail product is not formally measured.

The CEN standard EN 13850 makes it clear that bulk mail requires a different measurement system and methodology compared with that of single piece priority mail (i.e. ordinary mail). The CEN standard EN 14534 for the measurement of the transit time of end-to-end services for bulk mail emphasises the various differences between single piece priority mail and bulk mail measurement standards as outlined in the Consultation Paper.

Inland Mail - Registered Mail and Parcel Post Services

Measurement and monitoring of Maltapost's performance with respect to registered mail and parcel post is organised by Maltapost by means of a track and trace system that enables the travelled distance of a postal item to be monitored and its location to be established at any time.¹³ Such a system also provides

¹¹ The ordinary mail product offered by Maltapost equates to single piece priority mail and first class mail in terms of the CEN standard EN 13850. Single piece letter mail is the ordinary day-to-day correspondence posted by individuals and businesses, big and small (other than bulk mail), at street letterboxes or over the counter at post offices. It represents approximately 45% of local letter post by volume and value. This comprises correspondence in standard envelopes (i.e. envelopes no larger than C4) which do not require special facilities at either the collection or delivery stage.

¹² In line with Maltapost Bulk Mail Postal Service Scheme, bulk mail postal articles should be handed over to Maltapost at least one (1) hour before the time of closing of mail as they may be delayed if their dispatch interferes with the scheduled dispatch of other postal articles. The sender may avoid such delay by the prior sorting of these postal articles by localities and by placing them in such a way that the address sides face the same direction.

¹³ Maltapost's registered mail and parcel post D+1 delivery standard implies that registered mail posted at retail counters before 12.30 p.m. (Malta) and 12.00 p.m. (Gozo) on the day is to be delivered the following working day. Since registered mail and parcel post requires a signature on delivery as a proof of delivery, if the addressee is absent a notification notice is issued after the first delivery attempt.

accurate information and enables clients to use the Internet or the telephone to monitor the progress towards delivery of a particular item.

Maltapost started to monitor the performance measurement of registered mail via an in-house track and trace system from July 2006. The performance measurement of parcel post started in January 2007 following the implementation of a track and trace system for parcel post.

Cross-Border Mail – Ordinary Mail Service

Maltapost measures cross-border mail flows by means of the International Post Corporation (IPC) UNEX programme which monitors the quality of service of the fastest standard category (i.e. ordinary mail) of cross-border mail from time of posting to when they are delivered.¹⁴

2.2 Summary of Maltapost's Views

Maltapost is of the view that it is not necessary to measure and monitor the QoS performance of its local bulk mail product as the delivery process is the same as that of the local ordinary mail product. Maltapost claim that as the delivery process does not distinguish between ordinary mail and bulk mail, in practical terms, bulk mail is measured along with ordinary mail. Maltapost also state that it operates a *clear floor* policy for all mail and the performance results of ordinary mail largely reflect the performance of bulk mail.

Maltapost is of the view that the CEN standard EN 14534 for the measurement of transit time of end-to-end services for bulk mail is not obligatory and remains unutilised in several Member States. Maltapost state that mail flows in Malta are small and the advantages of applying such as standard are not so evident.

Maltapost is of the opinion that the cost element to carryout such a measurement is significant and not justifiable as the need for such an exercise does not exist. In addition, Maltapost state that there are no indications that the delivery of bulk mail is suffering from any particular delays different from that of ordinary mail.

2.3 MCA Position and Decision

As mentioned above and detailed in the Consultation Paper, the end-to-end measurement of ordinary mail is different from that of bulk mail and requires a different measurement system and methodology compared with that of single piece priority mail (i.e. ordinary mail).¹⁵

In line with the MCA's obligation to monitor the performance of Maltapost's quality standards for all inland mail, the MCA is of the opinion that it is important that the end-to-end performance of Maltapost's inland bulk mail product is separately measured and monitored for the following key reasons:

- a high-quality bulk mail product is essential for the effective functioning of government, business and commerce in Malta;

¹⁴ The validity and independence of the statistics are guaranteed by the UNEX external monitoring contractor. Refer to the IPC website <http://www.ipc.be/> for additional information. Results of the IPC's end-to-end letter measurement system for the year 2006 are available by accessing: http://www.ipc.be/force-download.php?file=/media/UNEX_full_year_results_2006.pdf.

¹⁵ E.g. members of the public posting single items are replaced by companies, small in number, posting large volumes of mail, the rules and requirements for bulk mailers with respect to date on which postal articles are posted (date of deposit) are more complex and may be specific to the contract between customers and postal operator.

- consumers have no knowledge of the performance of bulk mail with respect to transit times and the regularity and reliability of the service;
- bulk mail constitutes a large proportion of inland mail items - approximately 55% of all inland mail items in terms of volumes and revenues are posted in bulk;
- postal articles under 50g fall within Maltapost's designated reserved area thus closed to competition and no competition is currently operating a similar service in the unreserved area; and
- a customer perception survey carried out in October 2006¹⁶ amongst large businesses indicated that:
 - the mean score level satisfaction with this service was just about average - a mean score of 2.2 (1 very good – 5 very bad); and
 - fifteen (15) bulk mailers out of twenty-four (24) made a formal complaint with Maltapost over the past year (most common types of complaints were mis-delivery and delay of postal articles).

It is recognised that the performance monitoring and measurement of bulk mail would incur an increase in operational costs on the part of Maltapost. Nevertheless, the MCA is of the opinion that such an increase in cost would not be substantial when considering the small number of large bulk mailers in Malta coupled with the benefits for both customers and consumers in ensuring a high quality reliable and regular bulk mail service. Furthermore, Maltapost, in its response to the consultation, failed to provide any justification that the costs for monitoring inland bulk mail would be unjustifiably high.¹⁷

¹⁶ Refer to <http://www.mca.org.mt/infocentre/openarticle.asp?id=1015&pref=18> for an overview of the market research for postal services amongst large business mailers.

¹⁷ The MCA notes that an independent organisation appointed by Maltapost already carries out the performance measurement of Maltapost's ordinary mail product. Some steps in the process used for the performance measurement of ordinary mail may be similar to those used for the measurement of bulk mail.

Decision 1 – QoS Measurement and Monitoring of Inland Mail

(a) Ordinary Mail and Bulk Mail

Maltapost's obligation with respect to the measurement and monitoring of inland ordinary mail by an independent organisation in conformity with the CEN standard EN 13850¹⁸ is to be extended to include the separate measurement and monitoring of bulk mail in line with the CEN standard EN 14534.¹⁹

Maltapost is therefore required to enter into a contract for the ongoing performance measurement and monitoring of inland bulk mail in conformity with the above-mentioned standard with a competent, experienced and reputable independent organisation in sufficient time to enable the measurement of bulk mail to commence by the **1st of April 2008**.²⁰

The MCA will, as necessary, audit the measurement methods used by the independent organisation(s) appointed by Maltapost to conduct the performance monitoring for inland ordinary mail and bulk mail.

(b) Registered Mail and Parcel Post

Measurement and monitoring of Maltapost's performance with respect to registered mail and parcel post will continue to be organised by Maltapost by means of the track and trace technology.

Measurement and monitoring of Maltapost's performance with respect to registered mail and parcel post will be generally in conformity with the EN 14137 standard for the measurement of the loss of registered mail and other types of postal service using a track and trace system. Maltapost is also required to take into consideration the CEN technical report TR 15472 for the measurement of transit times for parcels by the use of a track and trace system.

The MCA will, as necessary, audit the measurement methods used by Maltapost to monitor the quality of service in terms of delivery of registered mail and parcel post via a track and trace system.

Decision 2 – QoS Measurement and Monitoring of Cross Border Mail

Ordinary Mail, Registered Mail and Parcel Post

Maltapost is required to continue to measure and monitor the performance of:

- intra-Community cross-border ordinary mail;
- ordinary mail of non-EU destinations where mail flows are significant;²¹
- outbound cross-border mail (i.e. ordinary mail, registered mail and parcel post) from time of posting until dispatch to destination (i.e. loading on airline in Malta); and of
- inbound cross-border mail (i.e. ordinary mail, registered mail and parcel post) arriving at Maltapost's office of exchange²² until delivery to the addressee.

¹⁸ Refer to the MCA's Decision Notice entitled 'Maltapost Plc – Quality of Service Requirements' dated 8th June 2005.

¹⁹ For both quality measurement standards Maltapost is to take into account the proposed extensions to the respective standards to cover countries with relatively small mail flows.

²⁰ i.e. Q3 of Maltapost's financial year. Maltapost's financial year runs from October - September.

²¹ e.g. Australia, Canada and the USA.

²² An 'office of exchange' is the place where Maltapost accepts cross-border mail from a postal operator of another country.

3. Establishment of Quality of Service Targets

3.1 Summary of Consultation Issue

QoS Targets - Inland Mail Services

The MCA is required to monitor Maltapost's performance in accordance with the set quality standards and targets for inland mail.

In order to correctly determine the level at which targets for inland mail should be set, it is important that both the customer viewpoint and the operator viewpoint are taken into account. If customers are entirely happy with the current level of service then targets should be set to reflect this. If there is a feeling that the performance is poor then the targets should be rated to match expectations.

Another useful benchmark used in determining the level at which QoS targets for inland mail should be set is that provided by the respective Member States' established targets for single piece priority mail. More than half of the EU Member States have transit time targets of 90% or more for single piece mail items. The current target for Malta of 92% (for Maltapost's financial year Oct 2006 – Sep 2007) is around the European average but below the targets set in countries, such as, Austria, Luxembourg, Denmark, the Netherlands, Finland and Slovakia.

Maltapost's operations (i.e. Maltapost network and circulation plans throughout Malta and Gozo) are designed to provide full next day delivery for all inland mail products (i.e. ordinary mail, bulk mail, registered mail and parcel post). Nevertheless, it is inevitable that unforeseeable circumstances will arise and that there will be exceptional factors that make it uneconomic for Maltapost to provide a 100% next day delivery service (e.g. unforeseeable variations in mail volumes, human error, exceptional staff absence).²³

As mentioned in the Consultation Paper the MCA is of the opinion that a number of initiatives being implemented by Maltapost coupled with other efficiency gains that can be further achieved by Maltapost should lead to further improvements in the overall quality of the universal services.

QoS Targets - Cross-border Mail Services

Maltapost monitors the quality of service for cross-border mail from time of posting to when they are delivered in line with the targets specified in the EU Postal Directive (85 per cent of mail to be delivered within D+3 and 97 per cent within D+5).²⁴ Maltapost also monitors the quality of service of cross-border mail for non-EU destinations where mail flows are significant.

In addition, Maltapost separately monitors the performance of outbound cross-border mail from dispatch to destination (i.e. loading on airline in Malta)²⁵ and

²³ Non-functioning of the postal operator and days of strikes or industrial action shall not be discounted. However in the case of *'force majeure'* events, deductions of corresponding period may be considered and shall be indicated in the reporting.

²⁴ The validity and independence of the statistics are guaranteed by the UNEX external monitoring contractor. Refer to the IPC website <http://www.ipc.be/> for additional information.

²⁵ Cross-border mail that is posted before 19:00hrs between Monday and Friday and 15:00hrs on Saturday in the Maltese Islands is collected, processed and dispatched to destination (loading on

inbound cross-border mail from Maltapost's office of exchange to delivery against set QoS targets.

3.2 Summary of Maltapost's Views

Maltapost state that there are certain factors that render it difficult or even impossible for Maltapost to render the service at all, or to render it to the set standard. Maltapost is of the opinion that in the case of *force majeure* these standards should not apply.

With respect to whether ordinary mail and bulk mail should be subject to the same performance targets, Maltapost is of the opinion that the two products undergo the same delivery process and hence it is reasonable to lay down the same targets. However, at the same time Maltapost state that given the hypothetical situation that bulk mail is measured separately a lesser target should be assigned for bulk mail to account for exceptional situations of considerable variations in volumes.

Maltapost, in the main, agrees with the proposed new QoS targets set by the MCA. However it is of the opinion that quality targets are to be improved upon gradually in light of Maltapost's current restructuring exercise. Maltapost has therefore proposed minor amendments to the proposed targets. Nevertheless, Maltapost oppose any separate performance measurement for bulk mail against the set targets.

Maltapost is of the opinion that certain factors should be taken into consideration such as small mail flows and transportation limitations – particularly with regard to outbound mail. With respect to outbound mail Maltapost state that it faces problems with flights to some countries. Flights are not so readily available to all destinations and have to be dispatched through other routes via transit airports. With the exception of the United Kingdom, mail is sent later than desired due to lack of flight availability. Maltapost state that Malta's specific market conditions should not be disregarded, and if necessary, the MCA should investigate and determine exemptions for Maltapost from the minimum cross-border mail standards specified by the EU Directive.

3.3 MCA Position and Decision

The MCA notes that in line with the European standards, non-functioning of the postal operator and days of strikes or industrial action shall not be discounted. However in the case of '*force majeure*' events, deductions of corresponding period may be considered by the MCA and shall be indicated in the reporting.

Maltapost, in the main, has agreed with the QoS targets proposed by the MCA. However Maltapost is of the opinion that targets are to be improved upon gradually in light of Maltapost's restructuring exercises that should lead to further efficiency gains that would allow overall improvements to the targets over the coming years. The MCA has accepted Maltapost's very minor changes to the proposed QoS targets.

The MCA is however of the opinion that the same QoS targets should be maintained for both ordinary mail and bulk mail as Maltapost's operations (i.e. Maltapost's network and circulation plans throughout Malta and Gozo) are

airline) the following working day for any EU countries, Australia, Canada and USA, and following three (3) working days for all other countries.

designed to provide full next day delivery for all of the above-mentioned inland mail products.

As mentioned in the Consultation Paper, the MCA is of the opinion that Maltapost could improve the efficiency of bulk mail by promoting various incentives,²⁶ for example, for the pre-sorting of mail, the early presentation of mail, the introduction of bar-coding facilities, the inclusion of a deferred delivery service, and for the authorisation of appropriate postal marks or impressions to indicate payment of postage and fees by the user.²⁷ Such incentives could speed up the processing of mail by freeing up resources to give priority to, for example, the sorting of single piece priority mail items and unsorted bulk mail items.

In addition, as part of Maltapost's commitment to meeting QoS standards, Maltapost should ensure that each postal article is appropriately postmarked (also referred to as date-stamped).²⁸ A date-stamp reflects the date which the postal operator acknowledges receiving mail for processing (also referred to as the cancellation date), the name of postal operator and any additional information – such as place and time. It enables Maltapost, amongst others, to identify and track mail, as required for service performance²⁹ or security reasons, from where mail has been processed. In addition, the MCA is of the opinion that a date-stamp clearly benefits consumers (both as senders and recipients of mail) who will be in a position to know when Maltapost acknowledged receipt of a particular postal item and will be conscious that the QoS obligation is being guaranteed.³⁰

In the case of cross-border mail, despite effecting the required end-to-end measurement, it is recognised that Maltapost only has control over the local leg and part of the transit. The inland leg of the destination country is the responsibility of that country's universal service provider. Extra complications such as the lack of daily available direct flights are incurred by Maltapost with respect to destinations having low volumes. Nevertheless, Maltapost should continue to endeavour, as far as reasonably possible, to minimise the effects of these complications. In line with the Postal Directive the MCA may consider certain exemptions in situations where there clearly exist exceptional situations relating to infrastructure or geography.

²⁶ Maltapost does not offer any incentive for, amongst others, the pre-sorting and postmarking of bulk mail. In line with the Postal Services Act (Article 21) Maltapost may also promote services under which discounts are normally given based on the avoided costs as compared to the standard service covering the complete range of features.

²⁷ E.g. allowing customers to have an approved Maltapost postal stamp or mark, impression, logo, which denotes payment or that the sender has entered into an agreement with Maltapost for postage to be paid.

²⁸ Showing the office responsible for cancelling and the date of that operation applied to the address side of items by Maltapost or by means of impressions considered suitable by Maltapost. Postmarks are also used to ensure postage isn't used more than once and to identify the postal operator that has carried the mail. Also refer to the Universal Postal Union (UPU) Letter Post and Parcel Post Manuals.

²⁹ Maltapost would also be in a position to measure 'live mail' i.e. mail as it is presented to postal employees on a day-to-day basis. Live mail can only be measured from the date of post-mark stamped by the postal employee on the envelope to the time of delivery to the intended recipient. Therefore live mail can only be used for calculating performance from an operator's perspective. It is noted that to derive the date of deposit for bulk mail the most important practical pieces of information are the date and time of deposit. The date of deposit is determined by comparing the date and time of posting with the latest acceptance time for this mailing.

³⁰ It is also noted that the date of the postmark can be quite important, for example, for the submission of 'returns' (e.g. an application by post whereby the postmark date on the envelope is regarded as the date of application.) whereby the 'return' would be viewed as being filed 'on time' if the date of the postmark is no more than one date after the date the service is supposed to have been made.

The MCA is of the opinion that the new QoS targets for the postal products depicted below, to be achieved by Maltapost, reflect customer expectations, Maltapost’s overall performance and efficiency gains during the past years and the efficiency gains envisaged for the coming years. They also provide Maltapost with the necessary incentive to maintain and improve the regularity and reliability of its universal services over the envisaged timeframes.

Decision 3 – QoS Targets Inland Mail

The QoS targets to be achieved by Maltapost, over the next (3) financial years, for the delivery of inland mail are set as depicted below:

Inland Mail QoS targets			
Financial Year (FY)	D+1	D+2	D+3 ³¹
Ordinary Mail³²			
FY 2007/08	92%	97%	99%
FY 2008/09	93%	97%	99%
FY 2009/10	93%	98%	99%
Bulk Mail³³			
FY 2007/08	92%	97%	99%
FY 2008/09	93%	97%	99%
FY 2009/10	93%	98%	99%
Registered Mail and Parcel Post³⁴			
FY 2007/08	97%	98%	99%
FY 2008/09	97%	98%	99%
FY 2008/10	97%	99%	99%

The MCA will review the above-mentioned schedule of QoS targets at least once a year and may propose modifications to the targets in consultation with Maltapost or any third parties.

³¹ A target of 99% within 3 days is suggested for this mail thus making allowance for failures outside the control of Maltapost, e.g. mail which is delivered to the wrong address (Maltapost’s fault) may not be reposted by the person who receives it in error (outside control of Maltapost).

³² Includes letters, postcards, printed papers, locally registered newspapers and articles for the blind.

³³ As mentioned above this includes all types of addressed bulk mail including: letter mail, direct mail (which is a particular form of bulk mail as defined in the Postal Services Act), magazines, and newspapers.

³⁴ As registered mail and parcel post requires a signature on delivery as a proof of delivery, the QoS target refers to the first delivery attempt. If the addressee is absent a notification notice is issued by Maltapost after the first delivery attempt.

Decision 4 – QoS Targets Cross-border Mail

(a) Cross-border Mail

Intra-community cross-border ordinary mail is to continue to be measured and monitored by Maltapost in line with the targets specified in the EU Postal Directive (85 per cent of mail to be delivered within D+3 and 97 per cent within D+5).

(b) Outbound Cross-border Mail

The targets to be achieved by Maltapost for delivery of outbound cross-border mail from dispatch (date of posting) to destination (loading on airline in Malta) for the next three (3) financial years are set as depicted below.

Outbound Cross-border Mail (Loading on Airline in Malta) QoS Targets			
Ordinary Mail / Bulk Mail			
EU countries, Australia, Canada, and USA:	D+1	92%	FY 2007/08
	D+1	93%	FY 2008/09
	D+1	93%	FY 2009/10
All other countries:	D+3	99%	FY 2007/08
	D+3	99%	FY 2008/09
	D+3	99%	FY 2009/10
Registered Mail			
EU countries, Australia, Canada, and USA:	D+1	92%	FY 2007/08
	D+1	93%	FY 2008/09
	D+1	93%	FY 2009/10
All other countries:	D+3	99%	FY 2007/08
	D+3	99%	FY 2008/09
	D+3	99%	FY 2009/10
Parcel Post			
EU countries, Australia, Canada, and USA:	D+1	92%	FY 2007/08
	D+1	93%	FY 2008/09
	D+1	93%	FY 2009/10
All other countries:	D+3	95%	FY 2007/08
	D+3	95%	FY 2008/09
	D+3	95%	FY 2009/10

(c) Inbound Cross Border Mail

All inbound cross-border mail arriving at Maltapost's office of exchange before 19:00 hrs between Monday to Friday and 16:30 hrs on Saturdays is to be processed on the same day, and delivered with the performance targets of the inland mail products identified in Decision 3 above.³⁵

The MCA will review the schedule of QoS targets depicted in (b) and (c) above at least once a year and may propose modifications to the targets in consultation with Maltapost or any third parties.

³⁵ Also refer to <http://www.maltapost.com/page.asp?p=9370&l=1> regarding inbound cross-border mail.

4. Conclusion

A large proportion of the postal services market is at present closed to competition due to the designated reserved area which has been assigned to Maltapost, and limited competition is available in the unreserved area.

Nevertheless, the QoS standard of first-day service achieved by Maltapost over the past three (3) years has secured improvements in the quality of postal services and has ensured an appreciably high level of customer service as well as sustainability on the part of the USP.

Bearing in mind the interests of all postal users, the MCA is of the opinion that further improvements can be made to the current level of quality that would, amongst others, improve Maltapost's next day delivery performance.

The MCA is obliged by law to set and monitor QoS targets to be achieved by Maltapost for the provision of the universal service. The attainable targets established above for inland and cross-border postal products over a three (3) year period should enable Maltapost to further address current quality issues.

The MCA will be monitoring the situation on a constant basis in order to verify the robustness of this decision and may make periodic adjustments as necessary should circumstances warrant.

Appendix A – Legal Basis

The European Union (EU) Postal Directive establishes a harmonised framework for postal services throughout the EU and for securing improvements in the QoS provided, and defines the decision-making process regarding further opening of the postal market to competition.

The EU Postal Directive was transposed into national law on the 1st June 2003 by the Postal Services Act (Cap 254). The MCA's obligations under the Postal Services Act in relation to QoS are as follows:

- under Article 17(1) to issue directions to Maltapost in respect of the quality of postal service to be provided.
- under Article 17(4) to issue directions to Maltapost for the purpose of ensuring compliance with its obligations.
- under Article 24(1) to set and publish QoS standards in relation to the universal service, paying attention in particular, to routing times and to the regularity and reliability of services taking into account the views of interested parties as deemed necessary and to establish quality standards in respect of cross-border mail.
- under Article 24(2) to monitor compliance with QoS standards by Maltapost and make a report on the results of the monitoring exercise.
- under Article 25(1) to prescribe quality standards for inland mail.
- under Article 25(2) to monitor the performance of Maltapost in accordance with the quality standards for inland mail.

Maltapost's obligations under its licence³⁶ in relation to QoS are as follows:

- under Regulations 19.1 Maltapost shall adopt the minimum standards of service approved by the MCA for each of the products falling within the universal service area (i.e. products listed in the Appendix of the Licence).³⁷ The schedule of the minimum standards of services shall:
 - specify routing times and the regularity and reliability of services to be achieved;
 - specify standards for national and intra-Community cross border mail consistent with the Annex to the EU Postal Service Directive
 - incorporate targets for the improvement of service standards within specified timeframes; and
 - provide for regular monitoring reports on the achievements of service standards using testing methodologies consistent with EU requirements.

³⁶ Refer to Legal Notice 500 of 2004 – Maltapost Plc Licence (Modification) Regulations.

³⁷ The QoS standards to be achieved for a series of ancillary services depicted in the Appendix of the Maltapost Plc licence that also form part of the universal service (such as withdrawal of postal articles, re-direction, certificate of posting, certificate of loss or damage, Business Reply Service and private delivery boxes) are as specified in the above-mentioned decision notice.

- under Regulations 19(2) Maltapost must ensure that independent performance monitoring is carried out at least once a year and that the results are published.
- Under Regulations 19(3) the MCA will review the schedule of service standards at least once a year and may propose modifications to the standards in consultation with Maltapost and any other third person as necessary. Maltapost shall implement any modifications as the MCA may finally decide upon, within such time as the MCA may stipulate.

Appendix B – European Standardised Measurement System

The European Committee for Standardization has a number of standards for the measurement of the quality of postal services:

EN 13850:2002 Postal services – quality of service - Measurement of the transit time of end-to-end services for single piece priority mail and first class mail. The standard is in the process of being amended to cover, amongst others, countries with relatively small mail flows.

EN 14012:2002: Postal services – Quality of services – Measurement of complaints and redress procedures.

EN 14508:2002: Postal services – quality of service – Measurement of transit time of end-to-end services for single piece non-priority mail and 2nd class mail.

EN 14534:2003: Postal services – quality of service – Measurement of transit time of end-to-end services for bulk mail. The standard is in the process of being amended to cover, amongst others, countries with relatively small mail flows.

EN 14137:2003: Postal services – quality of service – Measurement of loss of registered mail and other types of postal service using a track and trace system.

The only EU mandatory requirement to implement these standards is in respect of EN 13850:2002. However if measurement of other activities is undertaken it is necessary to use the appropriate standards.

Section 1 Scope of EN 13850:2002 makes it clear that Bulk Mail requires different measurement systems and methodologies compared with single piece. The introduction to EN 14534:2003 emphasises the differences between the single piece and bulk mail standards. The main reasons to support a separate standard for the measurement of bulk mail include the fact that most bulk mail will be subject to a contract and explains why it is not possible to combine the measurement of single-piece and bulk mail in a single system.

Maltapost, following a procurement process, engaged 'Informa Consultants' to measure the quality of service for single-piece priority mail in accordance with the European Standard EN 13850 taking into consideration countries with small mail flows. Subsequently, the MCA appointed the audit firm 'Ernst & Young' to audit the methodology employed by 'Informa Consultants' to carry out the Quality of Service Monitoring Surveys.

Measurement and monitoring of Maltapost's performance with respect to registered mail and parcel post is organised by Maltapost by means of the track and trace technology. Measurement and monitoring of Maltapost's performance with respect to registered mail and parcel post must be generally in conformity with the EN 14137 standard for the measurement of the loss of registered mail

and other types of postal service using a track and trace system and take into consideration the CEN technical report TR 15472:2006 for the measurement of the transit time of end-to-end services for parcels by the use of a track and trace system.

Maltapost provides the MCA with QoS reports (in line with the respective European standards) on a quarterly basis and not later than twenty (20) working days after the end of each quarter. Reports distinguish between the inland mail and cross-border mail products. The reports contain the measurements for the quarter together with the cumulative measurement for the year to date.

Complaints handling must be generally in conformity with the EN 14012 standard on the measurement of complaints and redress procedures.